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**YELLOWKNIFE  
MINES LIMITED**

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# 31st Annual Report

## REVIEW IN BRIEF

	<u>1973</u>	<u>1972</u>
Tons ore milled — total . . . . .	389,460	401,272
Grade of mill feed . . . . .	0.46	0.56
Ounces gold recovered . . . . .	158,293	201,186
Gross value of production . . . . .	\$17,187,000	\$12,113,000
Operating income before write-offs . . . . .	7,756,000	3,484,000
Exploration expenditures . . . . .	493,000	444,000
Income taxes . . . . .	2,412,000	621,000
Net income . . . . .	4,271,000	1,469,000
Earnings per share . . . . .	0.99	0.34
Dividends paid per share . . . . .	0.60	0.40
Capital expenditures . . . . .	182,000	12,000
Working capital at end of year . . . . .	9,972,000	7,796,000
Average price received per oz. of gold . . . . .	\$108.03	\$59.87



# GIANT YELLOWKNIFE MINES LIMITED

Head Office: P.O. Box 40, Commerce Court West, Toronto  
Mine Office: Yellowknife, N.W.T.

## OFFICERS

President and Managing Director	D. R. DeLAPORTE
Vice-President - - - - -	G. P. MITCHELL
Secretary - - - - -	A. C. CALLOW
Treasurer and Controller - - - - -	J. D. KRANE
Assistant Treasurer - - - - -	J. F. GILLIES

## DIRECTORS

A. J. ANDERSON	D. R. DeLAPORTE
C. R. ARCHIBALD, Q.C.	E. L. HEALY
B. S. W. BUFFAM	W. F. JAMES
A. C. CALLOW	G. P. MITCHELL
J. DOUGLAS STREIT	

## CONSULTANT

J. M. MORTIMER - - - - - Metallurgical

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
REGISTRAR AND TRANSFER COMPANY  
140 Cedar Street, New York 7, N.Y.

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ontario

## AUDITORS

THORNE GUNN & CO.  
Toronto, Ontario

## SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE  
Toronto, Ontario

## ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

Wednesday, April 24, 1974 at 10:00 a.m. (E.S.T.)  
York Room, Four Seasons Sheraton Hotel,  
Toronto, Canada.



## REPORT OF THE DIRECTORS:

To the Shareholders:

The 1973 activities of your Company are described in this report.

The figures shown represent the consolidated results of the integrated operations of your Company and its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited.

A substantial rise in the free market gold price occurred during the year and encouraged exploration and development of low grade ore previously considered sub-marginal. The average grade of ore mined was decreased as the price of gold increased. The average price received for gold during 1973 was \$108.03 per ounce compared with an average of \$59.87 per ounce received in 1972.

### OPERATIONS SUMMARY

Giant	1973	1972
Tons milled .....	271,350	264,114
Gold ounces recovered .....	102,321	128,272
Lolor		
Tons milled .....	57,737	71,422
Gold ounces recovered .....	23,469	33,471
(87½ per cent owned by Giant Yellowknife Mines Limited)		
Supercrest		
Tons milled .....	60,373	65,736
Gold ounces recovered .....	32,503	39,443
(50 per cent owned by Giant Yellowknife Mines Limited)		
Consolidated		
Total tons milled .....	389,460	401,272
Average tons per day .....	1,067	1,096
Calculated mill heads (oz. gold per ton) .....	0.46	0.56
Mill recovery per cent .....	88.52	89.34
Total recovery		
Gold ounces .....	158,293	201,186
Silver ounces .....	32,690	39,731
Operating costs per ton before write-offs .....	\$23.88	\$21.20
Gross value of production .....	\$17,186,501	\$12,112,885

## FINANCIAL SUMMARY

	1973	1972
Operating profit before write-offs .....	\$ 7,756,000	\$ 3,484,000
Income taxes .....	2,412,000	621,000
Net income .....	4,271,000	1,469,000
Earnings per share .....	0.99	0.34
Dividends paid per share .....	0.60	0.40

Working capital increased \$2,177,000 during the year to \$9,972,000 as at December 31, 1973.

During the year Supercrest Mines Limited purchased for cancellation at par 646,261 Class A preference shares. Lolor Mines Limited purchased for cancellation at par 25,000 preference shares.

## ORE POSITION

Reserves of developed ore at the year end (including a dilution allowance) were estimated to be:

	1973		1972	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
<b>Giant</b>				
Active stopes .....	886,050	0.35	475,200	0.51
Pillars .....	16,600	0.65	31,450	0.65
Other developed ore .....	88,350	0.45	24,350	0.59
Total Giant .....	<u>991,000</u>	<u>0.36</u>	<u>531,000</u>	<u>0.52</u>
<b>Lolor</b>				
Active stopes .....	94,000	0.37	95,000	0.51
Pillars .....	—	—	—	—
Other developed ore .....	—	—	—	—
Total Lolor .....	<u>94,000</u>	<u>0.37</u>	<u>95,000</u>	<u>0.51</u>
<b>Supercrest</b>				
Active stopes .....	88,000	0.62	112,750	0.68
Pillars .....	—	—	—	—
Other developed ore .....	—	—	6,250	0.52
Total Supercrest .....	<u>88,000</u>	<u>0.62</u>	<u>119,000</u>	<u>0.67</u>
Total Developed Ore .....	<u>1,173,000</u>	<u>0.38</u>	<u>745,000</u>	<u>0.54</u>



On a consolidated basis, 389,460 tons were mined during 1973 so that the actual additions to the ore position totalled 817,460 tons. Of this total, approximately 200,000 tons were confirmed by diamond drilling in known low grade areas of the Giant mine. The remaining tons were obtained by recontouring existing stoping blocks using the lower cut-off grade permitted by the higher price of gold. The substantial addition of low grade material to the ore position is reflected by the drop in grade of reserves from 0.54 ounces of gold per ton in 1972 to 0.38 ounces of gold per ton in 1973.

## **OPERATING COSTS AND CAPITAL EXPENDITURES**

The consolidated operating cost per ton (before write-offs) increased from \$21.20 in 1972 to \$23.88 in 1973. The increase was mainly attributable to increased supply costs and increased diamond drilling expenditures. Capital expenditures for 1973 totalled \$182,000.

## **UNDERGROUND OPERATIONS**

### **Giant Mine**

Production of 271,350 tons in 1973 was slightly ahead of the 1972 production. As a result of setting lower cut-off grades, the grade of ore produced was 0.426 ounces gold per ton compared to a production grade of 0.544 ounces gold per ton in 1972.

Lateral development was satisfactory but raising activity was below forecast due to a shortage of qualified miners. Long hole stoping was started on a low grade orebody in Upper C-shaft area. Diesel driven L.H.D. equipment was introduced to handle near surface ore in the B3 section and low grade in the Upper C-shaft area.

Diamond drilling exploration was sharply increased in response to the much higher gold price. Most drilling was done in areas previously considered submarginal.

### **Lolor Mine**

Production at Lolor was 57,737 tons, well below the 71,422 tons produced in 1972. The grade of ore produced at 0.458 ounces gold per ton was also below the 1972 figure of 0.525 ounces gold per ton.

A modest program of lateral and raise development was completed. Underground diamond drilling totalled 2,776 feet and did not add appreciably to reserves.

## **Supercrest Mine**

Supercrest production of 60,373 tons at a grade of 0.608 ounces gold per ton was below the 1972 production of 65,736 tons at a grade of 0.672 ounces gold per ton. Reduced production was caused by rescheduling of the total operation, application of lower cut-off grades with improving gold prices, and a chronic shortage of qualified stope miners.

There was no lateral development during the year. Raise development totalled 732 feet and underground diamond drilling 20,531 feet. Some ore grade material below the 1100-foot level was indicated.

## **TREATMENT PLANT**

Operations of the Treatment Plant were adversely affected in the latter part of the year by periodic shortages of mill feed caused by a shortage of qualified miners and also by the lower grade of mill feed.

Problems were encountered in the Cottrell Plant and in the Baghouse due to intermittent roaster operation.

## **OUTSIDE EXPLORATION**

Geological investigation of the property of Northbelt Yellowknife Mines Limited was continued during 1973, and a total of 3,553 feet of diamond drilling was carried out. No ore was indicated. Geochemical and geophysical work done indicated several anomalous areas that will be tested by diamond drilling in 1974.

Geological, geochemical and geophysical work was conducted on the Giant "G" claims which adjoin the Northbelt property to the northeast. A diamond drill program of 7,908 feet was done on a geochemical anomaly indicated by 1972 field work. Most holes encountered lead-zinc-silver values. Further drilling is planned for 1974.

A geochemical survey was completed on a prospecting permit near Wrigley on the Mackenzie River. Several indicated lead-zinc anomalies will be tested by drilling in 1974.

Geophysical surveys and diamond drilling were carried out on three copper prospects including the staked copper showing in the Wildbread Area of east Great Slave Lake without any encouraging results.



## **GENERAL**

Operations this year were affected by shortages of labour, particularly qualified development and stope miners. Turnover totalled 143 per cent. Shortage of qualified maintenance personnel adversely affected planned maintenance programs.

With the continuing growing urban demand in the Yellowknife area, electric power supplies are becoming short and our electric boilers can not be used. Our oil fired boilers now have to carry the total plant steam load.

## **ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, Mr. A. K. Campbell, General Superintendent, and the employees.

On behalf of the Board,

D. R. DeLAPORTE,

President and Managing Director.

Toronto, Ontario,  
February 7, 1974.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED BALANCE

### ASSETS

#### CURRENT ASSETS

	1973	1972
Cash and short term securities at cost which approximates market value	\$ 9,145,105	\$ 6,053,151
Bullion at estimated net realizable value (note 2)	2,864,936	1,880,427
Accounts and accrued interest receivable	190,625	184,686
Emergency gold mining assistance receivable	—	76,080
Supplies at average cost	787,013	711,407
Prepaid expenses and deposits	93,582	277,379
	<u>13,081,261</u>	<u>9,183,130</u>

#### FIXED ASSETS

Buildings, machinery and equipment at cost	15,132,253	14,978,696
Less accumulated depreciation	14,992,219	14,634,653
	<u>140,034</u>	<u>344,043</u>
Mining claims and properties at cost, less depletion	542,293	622,317
	<u>682,327</u>	<u>966,360</u>

#### OTHER ASSETS

Shares in and advances to other mining companies at cost less amount written off	158,221	156,221
	<u>\$13,921,809</u>	<u>\$10,305,711</u>

### AUDITORS' REPORT

To the Shareholders of  
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 30, 1974

THORNE GUNN & CO.,  
Chartered Accountants.



**HEET—DECEMBER 31, 1973**

(with comparative figures at December 31, 1972)

## LIABILITIES

CURRENT LIABILITIES	1973	1972
Bank indebtedness		\$ 33,830
Accounts payable and accrued liabilities	\$ 944,479	829,636
Income taxes payable	1,866,170	431,544
Government royalties payable	298,305	92,571
	<u>3,108,954</u>	<u>1,387,581</u>
 MINORITY INTEREST		
Interest of minority shareholders in subsidiary companies	<u>647,262</u>	<u>442,252</u>
 SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000
Contributed surplus	2,637,276	2,637,276
Retained earnings	1,828,317	138,602
	<u>10,165,593</u>	<u>8,475,878</u>
Approved by the Board		
D. R. DeLAPORTE, Director		
B. S. W. BUFFAM, Director		
	<u>\$13,921,809</u>	<u>\$10,305,711</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1973

1. **BASIS OF CONSOLIDATION**  
The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 common shares) of the 665,010 common shares are held.
2. **BULLION**  
The estimated net realizable value of bullion on hand has been determined at December 31, 1973 using a value for gold of \$129.00 per ounce (1972, \$62.00 per ounce).
3. **REMUNERATION OF DIRECTORS AND SENIOR OFFICERS**  
Direct remuneration of directors and senior officers, as defined by The Business Corporations Act of Ontario, amounted to \$145,904 for 1973 and \$130,720 for 1972.
4. **COMPARATIVE FIGURES**  
The 1972 comparative figures have been restated to conform with the 1973 classification of supplies and deposits as a current asset.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1973  
(with comparative figures for 1972)

	1973	1972
Balance at beginning of year	\$ 138,602	\$ 390,384
Net income for the year	4,271,468	1,469,386
	4,410,070	1,859,770
Deduct dividends paid — 60¢ per share (40¢ in 1972)	2,581,753	1,721,168
Balance at end of year	<u>\$1,828,317</u>	<u>\$ 138,602</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1973  
(with comparative figures for 1972)

	1973	1972 (as restated) note 4
Source of funds		
From operations		
Income before extraordinary item	\$4,271,468	\$1,619,360
Depreciation, depletion and amortization of mine development expenditures	492,638	555,177
Minority interest in net income of subsidiary companies	729,017	502,039
	<u>5,493,123</u>	<u>2,676,576</u>
Application of funds		
Dividends paid	2,581,753	1,721,168
Additions to fixed assets, less disposals	181,542	12,177
Dividends to minority shareholders of subsidiary companies	524,006	—
Purchase for cancellation of Supercrest Mines Limited Class B preferred shares owned by minority interest	—	500,000
Other applications	29,064	29,070
	<u>3,316,365</u>	<u>2,262,415</u>
Increase in working capital	2,176,758	414,161
Working capital at beginning of year (as restated)	7,795,549	7,381,388
Working capital at end of year	<u>\$9,972,307</u>	<u>\$7,795,549</u>



# CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
<b>REVENUE:</b>		
Gold and silver production	\$17,186,501	\$12,112,885
Deduct marketing expenses	132,143	122,557
	<u>17,054,358</u>	<u>11,990,328</u>
<b>EXPENSES:</b>		
Operating expenses	8,690,752	8,141,053
Government of Canada royalty	285,000	81,000
Administrative and corporate expenses	322,897	284,705
	<u>9,298,649</u>	<u>8,506,758</u>
Operating income before the undernoted items	7,755,709	3,483,570
Depreciation, depletion and amortization of mine development expenditures	492,638	555,177
Exploration expenses	493,375	443,771
	<u>986,013</u>	<u>998,948</u>
Operating income	6,769,696	2,484,622
Income from investments	642,789	257,777
	<u>7,412,485</u>	<u>2,742,399</u>
Income taxes	2,412,000	621,000
	<u>5,000,485</u>	<u>2,121,399</u>
Minority interest in net income of subsidiary companies (note 1)	722,017	502,039
Income before extraordinary item	4,271,468	1,619,360
Write-off of shares in other mining companies	—	149,974
Net income for the year	<u>\$ 4,271,468</u>	<u>\$ 1,469,386</u>
<b>Earnings per share</b>		
Income before extraordinary item	<u>\$ .99</u>	<u>\$ .38</u>
Net income for the year	<u>\$ .99</u>	<u>\$ .34</u>

## COMPARATIVE STATEMENT O

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M.A. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	.....	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	.....	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	.....	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	.....	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	.....	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	.....	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	.....	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	.....	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
1972	401,272	0.561	.....	11,990,328	59.87	8,506,758	21.20
1973	389,460	0.459	.....	17,054,358	108.03	9,298,649	23.88
	<u>8,121,193</u>	<u>0.707</u>	<u>\$7,485,907</u>	<u>\$193,888,747</u>	<u>\$ 39.93</u>	<u>\$122,946,070</u>	<u>\$ 15.14</u>



## PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
\$ 1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$ .....	\$ .....	\$ 153,450	\$ .....
1,514,330	12.00	1,039,854	5,237	.....	.....	479,713	.....
2,428,839	16.00	1,254,505	6,334	.....	.....	1,180,668	.....
1,810,567	10.92	1,659,109	7,981	.....	.....	159,439	.....
3,130,843	12.75	1,673,329	4,906	.....	.....	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	.....	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	.....	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	.....	.....	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	.....	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	.....	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	.....	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	.....	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	.....	.....	807,509	860,541
3,752,086	10.24	1,579,897	160,058	.....	.....	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	.....	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	.....	.....	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	.....	.....	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	.....	3,545,800	4,302,917
3,326,509	8.65	979,060	308,537	620,000	.....	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.00	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.41	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.48	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
3,483,570	8.68	1,148,922	257,777	621,000	502,039	1,469,386	1,721,168
7,755,709	19.91	986,017	642,789	2,412,000	729,017	4,271,464	2,581,753
<u>\$78,428,584</u>	<u>\$ 9.66</u>	<u>\$29,540,104</u>	<u>\$4,975,792</u>	<u>\$6,786,523</u>	<u>\$1,154,472</u>	<u>\$45,923,277</u>	<u>\$44,008,100</u>



### MINE OPERATING OFFICIALS

D. J. EMERY	-	-	-	-	-	-	-	Mine Manager
A. K. CAMPBELL	-	-	-	-	-	-	-	General Superintendent
R. S. BROWN	-	-	-	-	-	-	-	Mine Superintendent
H. E. PAWSON	-	-	-	-	-	-	-	Mill Superintendent
C. M. WILKINSON	-	-	-	-	-	-	-	Electrical Superintendent
R. W. SPENCE	-	-	-	-	-	-	-	Exploration Superintendent
H. B. BYE	-	-	-	-	-	-	-	Master Mechanic
J. A. CROSSFIELD	-	-	-	-	-	-	-	Construction Foreman
C. S. SRA	-	-	-	-	-	-	-	Mine Engineer
B. F. WATSON	-	-	-	-	-	-	-	Mine Geologist
G. P. LEGAGNEUR	-	-	-	-	-	-	-	Projects Geologist
L. F. G. BORDEN	-	-	-	-	-	-	-	Mine Accountant
J. W. McKAY	-	-	-	-	-	-	-	Purchasing Agent
A. T. RIVETT	-	-	-	-	-	-	-	Personnel Supervisor













